

02 FEB 1984

MEMORANDUM FOR: Chief, Information and Management Support Staff, OL

STAT FROM:
Chief, Procurement Management Staff, OL

SUBJECT: President's Private Sector Survey on Cost Control -
The Department of Labor

Dave:

1. I have reviewed the subject segment. It is directly applicable to the Department of Labor (DOL). In my opinion, it would be inappropriate for the Agency to tell the DOL how to conduct their business.

2. If the Agency does want to comment, there are only nine areas which concern procurement issues:

Section II.B., Labor 6 deals with acquisition and management of ADP hardware, software, and personnel resources. It results in seven recommendations which suggest that centralized control of ADP be established. What they are proposing is comparable to what we have with the Office of Data Processing and the Automatic Data Processing and Equipment Branch, Procurement Division, OL. The recommendations seem good, and I would expect that DOL would accept them.

Section II.B., Labor 11 examines the restructuring of procurement and contracting activities. Comments on specific recommendations are as follows:

Labor 11-1: Place all procurement activities under the direct supervision of a single agency, the Office of the Assistant Secretary for Administration and Management, at both the national and regional office levels.

Comment: The Agency should concur and should also adopt this recommendation. We currently have a dual delegation of procurement authority which results in problems in control, oversight, and reporting.

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Labor 11-2: Reemphasize training and development.

Comment: Concur. The Agency already emphasizes training and development for its procurement personnel.

Labor 11-3: Achieve staff reductions through consolidation to effect savings, or use the savings to upgrade the procurement function. Reductions could be through attrition.

Comment: Nonconcur. Undoubtedly, a centralized procurement can result in a need for fewer procurement personnel and lower salary costs. Offsetting this benefit (in CIA) would be a sharp loss in responsiveness, as well as loss of job satisfaction for procurement personnel.

Labor 11-4: Give consideration to recommending a threshold in excess of \$17,000 to offset any future inflation.

Comment: Concur. Threshold should go to \$25,000 to be consistent with DOD.

Section II.C., Labor 12 addresses the Davis Bacon Act which was enacted to prevent the Government from contributing to non-local contractors bidding on construction projects with outside cheap labor, disruption of local wage structures, and to give local labor a fair opportunity to participate in government building programs.

Comment: Concur with all recommendations.

Section II.C., Labor 13 treats the Walsh Healy Public Contracts Act which was enacted in 1936 to set basic labor standards for employees working on government contracts for the management of furnishing of materials, supplies, articles, or equipment in an amount exceeding \$10,000.

Comment: Concur with only recommendation (Labor 13-1) which is to remove 8-hour day while retaining 40-hour week as threshold for premium pay.

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Section II.C., Labor 14 addresses the Service Contract Act and concludes with three specific recommendations.

Comment: We would recommend concurring in Labor 14-1, 14-2, and 14-3.

3. In closing, may I again note that this segment of the report is applicable to Department of Labor, and we probably should not comment. Your memorandum of 30 January 1984 lists OMB Circular A-76 as the item to look at in this segment. I could not find reference to this circular, although it was treated in one of the other segments.



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30 JAN 1984 (Rec'd Pmt)

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MEMORANDUM FOR: Chief, Procurement Management Staff, OL
FROM: Chief
Information and Management Support Staff, OL
SUBJECT: President's Private Sector Survey on Cost Control

1. Forwarded herewith are copies of the task force reports completed by the President's Private Sector Survey on Cost Control (Grace Commission) on:

- a. Procurement/Contracts/Inventory Management
- b. Real Property Management
- c. Land/Facilities/Personal Property (federal vehicle fleet management only)
- d. Department of Labor
(OMB Circular A-76 only)

2. Relative to the DCI's interest in these reports and the possibility of adopting, where appropriate, the recommendations contained therein, the DDA has requested that a review of the attached reports be conducted by the Office of Logistics. It is, therefore, requested that you review and comment on the applicability, to the Agency, of the procurement-related recommendations in the report. Please comment on the task force recommendations which can be adopted by the Agency (along what time frame) as well as those which cannot be adopted.

3. Please forward your report to this staff by c.o.b. 17 February so that we can assemble a consolidated report for all of OL by 24 February.



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